

Sent to Mr. Latimer on 18 Sep 78

These papers were hand-carried by MMP on the above date.

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The 17 August arrest of William Kampiles on charges of espionage led to the most thorough examination ever undertaken of our security policies and procedures from a personnel, information control, and physical security standpoint. Some questionable practices were forcefully brought to our attention as a result of this case. As we perceive them, they fall in three broad categories:

- Assigning newly hired unproven employees to areas where there is a concentration of highly classified, sensitive information.

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- The general lack of security consciousness among our employees which, if not present, might have caused someone in Kampiles' office to notice that the document was missing and report it to proper authorities.

One day after Kampiles' arrest the Deputy Director of Central Intelligence demanded a "total and comprehensive review of all personnel security, physical security and procedural security activities of this Agency." A copy of this memorandum is attached as Tab A. The Task Force which was formed to review these issues submitted an interim report on 31 August 1978. A copy of this report is attached as Tab B. The complete review is targetted for completion prior to 3 November 1978.

It was recognized, however, that some immediate interim action had to be taken to bring particularly sensitive documents under control. Consequently, on 1 September 1978, the Deputy Director of Central Intelligence sent out a memorandum to accomplish this goal. Every element of the Agency was tasked with first identifying and immediately instituting a system of personal accountability and segregated storage for such materials. A copy of this memorandum is attached as Tab C.

Over the past year a number of steps have been taken toward tightening security in the Intelligence Community.

Many of these are highlighted in the attached interim report. Other initiatives which have been taken include:

- Strengthened the Director of Central Intelligence Security Committee as a focal point for reporting and tracking unauthorized disclosures and for raising security consciousness in the community.

- Directed and maintained a freeze since 1 June 1977 on the total number of sensitive compartmented clearances throughout the community.

- Introduced the concept of revalidating clearances by affecting zero-based reviews in the Intelligence Community and contractor facilities. Our initial reviews resulted in a 26% reduction of such clearances and we envision that this program will reduce the number further in the future.

- Reduced the number of people having access to information identifying sensitive sources and methods so as not to expose them in documentation, in conversation or otherwise.

- Initiated a rigorous staff personnel reinvestigation program based on a 5-year cycle to include repolygraphing. In the repolygraphing of Agency employees we have added questions dealing with the unauthorized removal of classified documents, in addition to the regular counterintelligence type questions.

- Directed that spot checks be made on employees exiting the building to determine if they are improperly taking classified material out of Agency buildings. A program to expand this inspection is ready for implementation. If approved, briefcase and package inspection will be conducted by Federal Protective Officers at Agency facilities on a routine basis, 7 days a week and 24 hours a day.

- Within industry we have added tougher security language to our contracts. They now know that if they cannot comply with our security rules, they will not be awarded further contracts. We established new positions in the Office of Security to strengthen our industrial

security program. Part of this program includes the carrying out of unannounced security audits of contractor facilities. We also instituted a polygraph program involving the testing of individuals occupying positions identified as being sensitive.

General John W. Vogt, United States Air Force (Retired), has been asked to head a small group of representatives of participating Agencies to study the adequacy of our compartmentation systems and make recommendations, including possibly even coming up with a new and simplified system. A hard look will be taken at the present system with a view toward:

- Simplifying and clarifying our procedures.
- Downgrading, declassifying and decompartmenting to the maximum extent consistent with the protection of vital sources and methods.
- Rebuilding security consciousness and restoring the proper implementation of the "need to know."
- Strengthening the barriers between compartments to avoid "spill-over" from one to another.
- Better providing for the actual needs of tactical commanders.

The job of trying to understand foreign developments and helping protect our government against hostile penetration leads to the acquisition of large quantities of highly sensitive information. What must be developed is a system to control this sensitive information while still permitting appropriately cleared persons with the need to know to have access to that information to permit a timely response. The initiatives we have already taken and those we have currently under way should move us significantly in that direction.

